Preserve
for
8/7/24

G R S 58]

Previous references
G O. No 9423-40/Rel 61-14-60 & 26 S 15

File No 126-15

1916

Serial Nos 1-2

(Municipal)

Later references
LG 14-16 & 18 1-2 13 Aug 1916
Rel. 11-17 Rs 80,36 & 426-18

76-18 ~~Rel 126-15 &~~
Rel 54-25 & 8 82 106

Rs 3,645-

GENERAL AND REVENUE SECRETARIAT

Serial Nos. 1-2

Part B for January 1916

SUBJECT

Rules for the guidance of municipal auditors and a set of questions to be answered in embodiment of the result of the audit

G O No 5242-25 & 18 1 16

Passes orders on the memo of instructions by Chief Secretary regarding the audit of municipal accounts

GRS 11] 1915.

GENERAL AND REVENUE SECRETARIAT

(Mint)

NOTES

File No 126-15

FILE HEADING

Rules for the guidance of Municipal Auditors

From

The comptroller

No 2788/16AB328 Dated 4-10-15 Received 7-10-15

Diary No 1412	Enclos 2	Spare Copies 7	Serial No 1

BRIEF ABSTRACT OF LETTER

With reference to G O no 9422-401/M 61-14-80 of 26-5-15 submits a set of rules for the guidance of Municipal auditors and a set of questions to be answered in embodiment of the result of the audit.

NOTES AND ORDERS

The comptroller may be requested to issue the necessary addendum to the Mint Account Manual.

2. In this connection suggestions are made by the comptroller and the argu-

NOTES—First Sheet

GPB—35 000—15 6 12

G R S 12]

General and Revenue Secretariat

M1 File No 126 of 1915

Serial No

for or against them are noted against each

Para 7 of letter under disposal

I copy of audit notes to be sent to the Comptroller's office

This is suggested to ensure thorough audit and speedy disposal of objections. The control in these matters should properly rest in local officers and not in the Comptroller who will have to get the transactions rectified only through the local officers.

Para 8 do

II Employment of clerks to help Municipalities on large Municipalities

This may be considered on the application of the Municipal Bodies. Help will be required only for a few days in each month and payment of remuneration for qualified men for such help may be economical.

This is also proposed to accept

Para 9 do

III Audit committees to be appointed under section 29 of the Municipal Regn.

Appointment of committees under

GPB—25,000 -30-4 15

G R S 12]

General and Revenue Secretariat

M1 File No 126 of 1915

Serial No

The suggestion of the Comptroller & Auditor General is accepted. Necessary rules may be framed by 25th

this section is only optional and does not apply to Non Regn Munsifs. The existing provision in rule 362 of the Mysore Account Manual for the appointment of an auditor every quarter is convenient for the Government.

Para 10 of Paper under disposal

IV. Printing of notifications, rulings by Government etc in a Supplement to the Mysore Gazette for the use of Mofussil members.

It is doubtful if the copies of the Special Part of the Gazette will have a large sale. Important orders are placed at the disposal of the Press and can be had for sale in the Govt Book Depot. Bye-laws and Rules are printed and made available for sale at cost price under Section 44 of the Mysore Regn in the respective Mofussil offices. Compilation of Standing orders and issue of occasional addenda and corrigenda thereto will remove the present

NOTE—Contn sheet

GPB—25,000—30-4-15

R S 12]

General and Revenue Secretariat

M\ File No 126 of 1915

Serial No

difficulty. If the issue of a supplement to the Gazette as suggested by the Comptroller is decided, orders will have to issue in consultation with Branch V.

3 Submd for orders

Dy

(64) 4 The Comptroller has submitted certain rules for the guidance of municipal auditors and a set of questions to be answered when rules and questions seem to be suitable and may be adopted. The Comptroller might be asked to issue them as an added to the Municipal Account Manual

5 Incidentally he has made certain suggestions which have to be considered. He proposes that in places where the work is heavy, a clerk may be appointed to help the honorary auditors in matters of details check. This is a matter that might be left to the Commrs concerned, and on their applications, the merits of each case may be considered by Govt, and then disposed of.

6 In order to give the Hon'ble Auditor

NOTE—Contn sheet

GPB—20 000—30-6-15

G R S 12]

General and Revenue Secretariat

M File No 126 of 1915

Serial No

as status and prestige, the suggestion whether Committees may not be appointed for one year at a time under S 29 of the M[l] Regulations. All the important Municipalities are now Reg[d] Municipalities, and among Municipalities which have a large income, it is desirable to adopt the suggestion the M[l] Commrs may be recommended to appoint the Committees under S 29

7 The suggestion contained in the last para of the letter does not appear feasible to adopt. The practice of printing important orders & placing them at the disposal of the Press and Secretariat seems sufficient They are also offered for sale

8 If approved draft directing the compilation of the rules with a view to

Sd/-

9. A draft may be laid up access for Mr Turrell's Section.

10) Draft laid

NOTE—Contn sheet

GPE—10,000—30 6-15

R S 12]

General and Revenue Secretariat | File No 126 of 1915

Serial No

Ex 6m

Sd 11

Ref to the Comptroller & Financial Secy for favour of remarks about the Rajbari.

11/12/15.

12

The draft seems to require some slight alterations on the following lines-

13) 1 Government have often noticed that the instructions issued by them regarding the necessity of having their accounts regularly reviewed by honorary auditors are not being carefully attended to by all Municipal Councils Two of the chief reasons for the failure on their part to observe the Government Order have been adverted to in this office letter to Government. They are for want of clear and easily comprehensible instructions for the honorary auditors to conduct the audit and inability of auditors to spare sufficient time to do the mechanical portion of the work, without perhaps some clerical assistance

R S 12]

General and Revenue Secretariat

File No 12/ of 1915

Serial No

14

2. The several suggestions contained in this office letter to Government except the one regarding the printing of a Local self Government supplement, have all been made with a view to enable them to take necessary action with the approval of Government.

15

3 The question of the entertainment of clerks to help Municipal auditors is not one to be specially considered by Government at present It is for the Municipal Councils themselves to consider the matter and submit proposals to Government

16 The proposals regarding the despatch of copies of audit notes with the monthly accounts was made not with a view to exercise any control in this office or to take any action on them but to ensure that the monthly audits are conducted prior to the submission of accounts to this office. It is however sufficient that the monthly account is certified as checked by the audit Committee The reports of the audit Committee may however be placed before the local auditors of this office for information

17 A revised draft is put up for approval

Comptroller

M'

Note- Continued

GPB—20,000—30-6-15

R S 12]

General and Revenue Secretariat | M File No 126 of 1915

Serial No

See my pencil note on the margin of draft 2 Ltr that have to be verified
KH
30/12/15

18) Sent for orders with the opinion of the Comptroller and the revised draft proposed by him
DY
(14) Amd
23/12/15
SB 29/12

Verified Please see Art 362 of the Accounts Manual
31/1/16

2) The draft may be approved

3/1/16 Action about a similar memo of questions to be put to L.F. accused will be taken soon.

In the Genl Branch (V) an order is under Consideration or reply Comint about the publication of the several parts of the Gazette The last para of the draft will be reqd to Br iv for Consideration with that draft order

KH 30/12/15

2 Do Mr Mudaliar

2-2 Approved
SB 29/12
8/1/16

23 I agree & then
24 [illegible]

Note—Contn. sheet.

GFB—30,000—6.6.15 2

R S 12]

General and Revenue Secretariat

MA File No 126 of 1915

Serial No	
2	To the Comptroller, the Dy Comrs of Dts, the Presidents of the Bangalore and Mysore city Municipal Councils the President Kampon Municipal Board, the Superdt Govt Press and the Superdt, Govt Stationery No 5212-25 dated 18th January 1916 Approves of a memo of instructions for the guidance of Municipal Audit Committees and prescribes a set of questions to be answered by them embodying the result of the audit
	25 May be sent to Branch V for taking further action with reference to the Secretary's Note of the 30th Dec 1915
	DS (64) In Branch V) 1/1/16
	29/1/16) The order relating to the publication of the several parts of the Gazette has been approved by Council and is under issue.

MA 776-15 Ca

NOTE—Contn. sheet.

GPB—80,000—30-6-15

wa 776-15

G R S 12]

General and Revenue Secretariat | Jud File No 126 of 1915.

Serial No	
	27) The order states that Notifications of the several heads of Departments as well as Municipalities & Local Boards will appear in Part II of the Gazette and that Notifications of Departments appearing in Part II will be arranged in the order of subjects prescribed for the monthly volume of Govt Proceedings Submitted for orders
	28) Make extracts for necessary action in Br V - & work up the case & submit 29/1-16
	29) Extracts taken & the file returned to Br IV

Words—Contn sheet

Gl 17]

It is requested that in future communications on the subject the No and date of this letter, and the distinguishing letters below the number as given opposite, may be quoted and addressed to the Comptroller Mysore Government window delivery No. 6 Bangalore

Appendix X

the communications

Letter No 2788 L.R.S. 328 Encls Two

OFFICE OF THE COMPTROLLER, MYSORE GOVERNMENT,

Dated Bangalore, the 4th October 1915

FROM

Diwan Bahadur

J S CHAKRAVARTI, ESQ, M A,

F R A S, ETC,

Comptroller to the Government of

His Highness the Maharaja of Mysore

To

V. R. Tayagaraj Iyer, Esq, M A.,

Secretary to the Government of Mysore,

Revenue, *Department*

SIR,

Adverting to Government Order No 9423-40/M1 61-14-60 dated 26th May 1915 passing orders on the Municipal Administration Report for 1913-14 and observing the want of adoption by Municipal Councils of adequate arrangements for having their accounts satisfactorily examined monthly by Municipal auditors, I have the honor to submit herewith a memo of instructions for the guidance of the members of the audit committee and a set of questions to be answered by them as embodying the result of their audit of the accounts.

2 In introducing the scheme of the Local Audit of the Accounts of local bodies by peripatetic auditors of Government once a year as in British India in lieu of the centralised audit that was being conducted in this office and found defective for various reasons, it was presumed that in accordance with the standing orders of Government arrangements would be made by each local body for a preliminary continuous audit of its accounts almost concurrently with the transactions.

3. But as Government are aware such a continuous audit is not in several municipalities promptly conducted at all or, if conducted, the audit is not regulated on any definite lines.

Rec—Gl. 17]

Local Public Department

19

FROM

J S CHAKRAVARTI, ESQ, M A,
F R A S, ETC,
Comptroller to the Govt of
H H the Maharaja of Mysore

To

The Secretary to the Govt of Mysore
Revenue Dept

Dated

Despatched 14th October 1915

Received

No 2782 C 2
Luo 38

Subject matter

Forward a thought-
memo of suggestions for
Audit & Grant of Quantum
Applicable to the Account
of Cotton Boards

Forward a memo of
instructions to Audit & Quantum
prepared by the Examiner
Expenses, Officer in Charge
of Local Audit Depts

4. The local audit staff of my office has during its visits often noticed that the instructions of Government contained in the Government Order of 1908 and 1913 quoted in rule 302, Municipal Account Manual, in the matter of having the accounts audited by Municipal Auditors have not been observed in many a Municipality and made mention of this fact in the audit notes. It has also been the constant endeavour of the Officer in charge of the Local Audit Department to bring home to the members of the Municipal Councils the desirability and the importance of securing a monthly examination of their accounts by their own agency and of taking needful early action for the rectification or nonrecurrence of the irregularities pointed out in such examination without awaiting the annual technical audit by Government auditors.

5. With this end in view Mr B Srinivasa Iyengar also read a paper in the recent Local Self-Government Conference at Mysore, the suggestions made in which were commended by the President of the Conference for the consideration of the members some of whom (notably Rao Bahadur M C Ranga Iyengar), expressed their desire of taking early steps in securing an effective and prompt audit of the accounts of the Municipalities by their own audit committee if some clear suggestions and hints are framed for the guidance of the auditors and a set of questions to be answered by them be formulated.

6 The memo of instructions and the set of questions herewith forwarded are prepared by Mr. Srinivasa Iyengar, Officer in charge of the Local Audit Department, so as to be of use in all the Municipal Councils of the Province, whether of large or small incomes,-and are fairly comprehensive and they may, if approved, be printed both in English and Kannrese and circulated to all the Municipal Councils for adoption The questions have been so framed as to invite the attention of the auditors to important points and as not to occupy ordinarily

longer

longer time than 6 hours in Minor Municipalities, 12 hours in District Head-quarter or Town Municipalities and 24 hours in the City Municipalities to answer them on the understanding that the records and registers required for audit will be properly arranged in the Municipal Office and readily produced for examination and that help will be given, wherever necessary, to the auditors for detailed arithmetical checking or for examining the posting of entries from one register to another Necessary additions and alterations may, of course, be made by each Municipality, as experience suggests.

7 It may also be ruled that with a view of ensuring monthly audits and speedy disposal of objections noticed by the Honorary Auditors a copy of the audit report including the printed set of questions with answers should be sent to my office along with the monthly accounts.

8 In the two City Municipalities of Bangalore and Mysore and others which have large incomes and whose transactions are of any magnitude and where the honorary auditors cannot afford the time required for a detailed audit it may be necessary for the Municipal Councils to appoint an audit clerk to help the honorary auditors or the Chairman of the audit committee in matters of detailed check. The system should not however degenerate into the clerk's audit The members of the Committee will be responsible for all the essential points of audit the clerk working at details under the coommittee's orders. In appointing these audit clerks for the first time it would, in my opinion, be desirable to have an official not borne on the Municipal Establishment sent to the Municipality for a period of say 3 years and to make periodical changes in the personnel.

9. I may also point out that the existing orders require that the honorary auditors should be appointed by each Municipal Council once a quarter, but the members so appointed do not seem to hold any status as members of any statutory committee under

under the Municipal Regulations nor are their duties defined by any bye-laws or rules framed by the Municipal Council under the Municipal Regulations. It is a point for the consideration of Government whether with a view of enhancing its status and prestige the audit committee may not be appointed under Section 29 of the Municipal Regulations and to hold office for a period of 1 year In the Bangalore and Mysore City Municipalities where Finance Committees have recently been constituted the work of audit may be entrusted to that committee, and the audit clerk appointed to work under them.

10 For the better enlightenment of members of local bodies generally and specially of those who may be required to undertake the examination of their accounts I would also suggest that as in some Provinces in British India all Notification rulings &c relating to local bodies may be printed in a supplement to the Mysore Gazette entitled the Local Self-Government Gazette in which all matter now printed in Part II of the Gazette, such as proceedings of meetings &c, and that this part may be separately sold to members of local bodies at half cost.

11 Draft of a memo of suggestions for audit and of a set of questions applicable to the accounts of District Boards is being separately prepared, and will be submitted to Government in due course.

I have the honor to be,

Sir,

Your most obedient servant,

Comptroller.

sd/

Quetta Manl 126-15-4

A. SUGGESTIONS FOR AUDIT.

Memo of ~~suggestions~~ for the audit of Municipal Accounts ~~monthly by honorary auditors appointed by the Municipal Council.~~ The Audit will be

1. The general principles of audit as contained in rule 362 Municipal Account Code are:-

   1. that all sums due to and received by the Municipality have been brought to account,
   2. that all expenditure is covered by provision in the annual budget of the Municipality,
   3. that it has been incurred under sanction by competent authority,
   4. that all payments made have been made to the proper persons and so recorded that a second claim against the Municipality cannot be preferred or passed.

The above general instructions require to be materially amplified.

2. Before taking up the audit of the accounts the auditors should have the following books of reference:

   1. Municipal Regulations of 1906 with amendments and bye-laws, rules passed by the Municipality thereunder.
   2. The Municipal Account Manual.
   3. Latest Administration Report. (Vide Rule, 353, Municipal Account Manual) -
   4. Sanctioned Budget for the year current.
   5. Municipal Proceedings Book.
   6. Office Order book, (Rule 388 Municipal Account Manual)
   7. File of circulars issued by Comptroller and by Government.

In the petty cash book the receipt entries relating to revenue received in the Municipal Office will be checked with the credits in the general cash book, while those regarding money and cheques received for disbursement will be checked with reference to the expenditure entries in the general cash book. The debits in the petty cash are to be examined with reference to the payees receipt or other legal acquittances obtained.

9. In the 2 city Municipalities of Bangalore and Mysore and in other big Municipalities having heavy transactions where the detailed checking of the entries in the general and petty cash books is arranged to be performed by an audit clerk, the auditors should satisfy themselves about the correctness of the entry in these books by checking a ~~few~~ percentage of them.

10. The further examination of the several books &c mentioned in para 8 ~~will be~~ to clearly indicated in the printed set of questions.

Part II. (Expenditure Audit.)

11. As under existing orders the pay of establishment in all municipalities other than the 2 cities - vide exception to rule 6 Municipal account Manual - is drawn on bills and in many municipalities the Presidents have not their headquarters within Municipal limits, the system of examination of expenditure - vouchers will not be the same in all municipalities.

In the 2 city municipalities of Mysore and Bangalore where all Municipal claims including establishment pay &c are paid by the President by means of cheques, and all the paid bills are filed in his office, the auditors will have full materials for a thorough and complete audit of expenditure, and for satisfying themselves by such examination that all expenditure is covered by provision in the budg

that it is incurred under proper sanction, and that payments made have been so recorded as to guard against any claim being preferred and paid.

The printed set of questions 1-24 to be answered when sufficiently indicate the procedure to be adopted by the auditors. The arithmetical checking of the entries in the Public Works bills and the measurements may be done by the audit clerk.

12. In respect of the second class of Municipalities viz., District head-quarters municipalities and others where the Presidents have their offices in their Municipal limits, the audit will cover all expenditure paid on cheques, e.g., Public Works Contingencies &c other than those relating to establishment claims, which are drawn directly from the treasuries on bills, and the procedure indicated above will mutatis mutandis be followed. All the questions except 4-9 are applicable and should be answered.

13. In the remaining municipalities having Vice-Presidents however, the auditors will not have full materials for a thorough examination of expenditure as the original bills and vouchers are filed in the offices of the Presidents. The audit in such cases will be conducted only generally in accordance with the instructions given in para 1 and with reference to the debit entries in the general cash book, counterfoils of payees receipts, and other records maintained in the office of the Vice President. The question 1-24 of this part need not be answered by them.

Part III. (Audit of Receipts.

14. This is an important item of work and the auditors should pay their special attention to its

Not

not much of technical knowledge is here required and the Municipal Councillors have a distinct advantage in this respect over the Government auditors in that they can bring to bear their local knowledge, detect cases of malpractices of keeping back money collected, of making alterations in receipts, of peculation by subordinate employees, omissions of demand &c.

15. The auditors should see generally that

1. a regular record of all sums due to the Municipality is maintained,
2. that adequate steps are taken for their regular and prompt collection, and
3. that all items of money received by Municipal employees have been duly brought to account in the Municipal Office and remitted to Treasury without undue delay.

16. The auditors should first ascertain and note the various items of revenue and receipts of the Municipality as entered in the budget and see whether proper demand and collection registers have been maintained in respect of all of them and in the prescribed forms.

17. The entries in the several demand and collection registers should then be examined, with reference to the counterfoils of receipts, remittances registers or other records in detail for the whole month or for a few days in the month selected at random as may be desired by the Municipal Council, and the printed set of questions answered.

18. In the 2 City Municipalities of Mysore and Bangalore and other Municipalities having large transactions the detailed checking above described may be made by the audit staff under the control of the audit committee, and the result reported to them.

Part IV.

19. No special instructions in addition to what have already been given seem necessary in respect of the work under this part, and the printed set of questions indicate fairly clearly, the broad line of procedure to be adopted.

19A. The auditors may of course examine any registers or other records, not specifically mentioned here, with a view to detect and put a stop to irregularities or malpractices that may be suspected to have been committed, and frame additional questions for being answered by them.

19B. After the completion of the audit above described the auditors should affix their signature in the general cash book in token of their examination, and prepare a complete set of answers to the printed questions Part I to IV for submission to the Municipal Council and needful further action. No separate audit report need be drawn up by them except when they consider it necessary to refer to irregularities noticed by them or to make suggestions for the consideration of the Municipal Council.

W Narayana Iyer

SAA.

2 Petty Cash book Form No 92 Rule 337 M A M.

(1) Is it written up to date and are the balances struck daily and verified.

(2) Has every entry in it been initialled by the Vice President or Secretary or at least the Manager of the Municipal Office.

(3) What is the balance of cash, cheques &c on hand on the date of examination and does it agree with the balance as shown in the book.

(4) In whose custody is the money kept, if the money is in the custody of any official subordinate to the Vice President has proper security been obtained from him.

(5) What are the details for the cash balance on hand- Mention the amounts under the several heads, Revenue received but not remitted, undisbursed pay &c impreast & other items

(6) Has any amount of money received in cash or by cheque on account of pay or travelling allowance or as payable to contractors been kept on hand for over a month- and if so, why-

(7) Mention the reasons for keeping on hand of any items of revenue or other receipts unremitted to treasury

(8) Mention the omissions, if any, noticed of instances of money or cheques received in the Municipal office but not recorded in the petty cash book

(9) Are the reccoupments of impreast and the

daily total of receipts and payments on account of pay and travelling allowance regularly incorporated in the petty cash book

3. Imprest account or Contingent Register Form 88 Rules 310-316

(1) Is a regular imprest account or permanent advance or contingent slips &c maintained- and posted up to date.

(2) Does the imprest balance shown in this book agree with the details shown in reply to question 2 (5)

(3) Is the imprest regularly recouped at least once a month

(4) Are there any advances or irregular payments made out of it, and unadjusted.

4. Acquittance roll- Form 85 Rules 299-303 & 379 M A M.

(1) Has an acquittance roll been maintained in Form 85 for recording the disbursement of pay and travelling allowance to Municipal employees, and are regular acquittances taken in all cases (with receipt stamps also for payments exceeding Rs. 20/-).

(2) Does the total of undisbursed pay &c as per this book agrees with the balance shown in reply to question 2 (5)

(3) Is undisbursed pay outstanding at the end of each month invariably shortdrawn in the next months bill.

(4) Is the establishment pay drawn as per scale provided for in the budget, and shown in an establishment pay or check

25.

register. Form No.283- Vide rule 285 M.A M.

(5) Is Insurance premium payable by the establishment regularly recovered and remitted to Treasury Vide rule 300 M A.M.

5. File of bills and Vouchers.

(1) What are the records produced for examination

(2) are they in continuous series —

6. Receipt books &c.

(1) What are the several books produced for examination.

(2) Are they in continuous series

(3) Are printed receipts books having counter foils been invariably used in respect of all cases of receipts received from the public. Vide note to rule 59 Form 20.

26

1778

Part II.

Expenditure audit.

(1) Are all the bills serially numbered for each month according to dates of payment, and are the references given in the general cash book Vide rule 339 M A. M.

(2) Do they bear the pay and paid stamps Vide rules 333 & 334 M.A.M

(3) Are all of them supported by proper payees receipts or other legal acquittances, either recorded on them or obtained separately- Vide rule 338 If not, mention the omissions.

(4) Are the establishment bills drawn according to the scale provided for in the sanctioned budget and entered in an establishment check or pay register. Form 83 rule 285 M.A.M. and are they copied out exactly in the acquittance roll.

Vide also question 4 (4) Part I.

(4)a. Are the pay and allowances drawn in accordance with rules Vide rules 27 & 286 M.A.M.

(5) Is every establishment bill (original) accompanied by an absentee statement or contra certificate.

(6) Is an increment or conveyance certificate attached in all cases where the bill includes claims on account of periodical increments granted or conveyance allowance drawn .

(7) In the supplemental bills drawn for arrear claims are the references to the original bills in which the claims were held over for future payment or in which

27

undisbursed pay was refunded, invariably given.

(8) Has note of the payment of such claims been made against the corresponding entry in the original bill to guard against 2nd claims being prepared and passed

(9) In cases of arrear claims exceeding 2 years has sanction of Government been obtained.

Travelling allowance rules 301-303 M.A.M

(10) Are any travelling allowance claims paid without Comptroller's authority.

(11) Are all travelling allowance bills prepared and paid copied out in the acquittance roll or in a separate register so as to guard against double claims being preferred.

Contingencies 310- 316-321.

(12) Are the amounts drawn on Contingent bills Form 8 Rule 316 - provided for in the budget.

(13) Has every contingent charge been duly sanctioned by competent authority, the President or other subordinate officer authorised by him, Municipal Council or Government as the case may be accordance with rules. 27 &390 M A.M

(14) Have the purchases of articles of a non-perishable nature been duly entered in a stock account. Form 78

Commission bills, bill for refund of feeding charges, refund of revenue, repayment of deposits &c

99- 134 to 141- 230 322 to 368.

(15) In respect of pound & other commission bills, bills for refund of feeding charges, refund of net sale proceeds of impounded cattle sold and credited to revenue as lapsed, refund of revenue received and refund of deposits &c- have

(22) Is the calculation of the entries of total quantity in the measurement books correctly made out in the cases(a certain percentage) selected for examination?

(23) Are there any cases of advances paid to contractors or others on account of work not executed, and if so what is the authority therefor ?

(24) Are purchases of Public Works duly entered in a stock account in Form 78 ?

37

Part III.

Audit of receipts

I. Assessed taxes - i.e. House, Land, Water, Lighting, and Conservancy taxes and Mohatarfa - Chapters III & IV - Rules 28 - 88.

(1) Have the assessment list, demand register or khate, collection and remittance register or khirdas, and the Kammi-Jasti or Mahalkam register, been maintained in the prescribed forms, and have all of them been written up and authenticated for the year under audit - vide x rules 28, 40, 52, 63, Forms 3, 10, 13, 22 and 7 - M A.M.

(2) Have the arrears outstanding at the end of the month of June preceding audit payable by each individual, or in respect of each individual property been completely made out and the totals verified with the entries made in the Demand Cash and Balance statement (form 24) for the succeeding month of July.

(3) Have the postings of arrears and the items of current demand into the Demand and Collection registers been examined by anybody other than the writer ?

(4) What is the system adopted for the collection of taxes ? Are paid bill collectors appointed to work whole time or is the collection made through the hereditary agency of Patel and Shambho-

gue

31

Shambhogue and in the former case has security been obtained from the collectors ?

(4 a.) Is the system of issuing bills or receipts signed by the Vice President in respect of assessment taxes laid down in the manual adopted ? Vide rule 57 of chapter IV of M.A.M.

(5) Are receipts granted in printed forms having counterfoil for all collection of taxes, mention may be made of items of credit for which no receipts appear to have been granted ?

(6) Has the posting of every item of receipt as per counterfoil receipt book or other document into Shambhogue's Khiradre been satisfactorily examined and the totals in the latter verified at the Municipal office at the time of each remittance? Vide rules 65 and 67 M.A.M.

(6 a.) Are all the counterfoils of receipts issued produced for examination and are they in chronological order ?

(7) What is the percentage of entries selected by the auditors for examination ?

(8) Has any item of money purported to have been received by collectors or other subordinates been kept out of account and unremitted to Treasury ?

(9) Are the arrangements made for the collection

32

collection of current and arrear taxes satisfactory ?

(10) Is the supervision exercised over the work of ~~auditor~~ subordinates effective ?

(11) Are there any items of demand omitted to be brought on the assessment list or demand ~~Demand~~ register or in respect of which the demand entered is unduly low or are there any cases of ~~exceptions~~ from taxation ~~not~~ authorised by the ~~Govt~~ Collector

(12) Has the Demand, ~~Cash~~ and Balance for the month prior to the month of audit been prepared and placed before the council as explained in rule 80, M.M.

(13) Are any items of demand ~~now~~ brought on the remission list without proper scrutiny ?

(14) Are the prescribed registers maintained for recording notices issued, -- warrants taken out and remissions granted ? Vide rules 70, 73, 83 & 86, M A M.

(15) When was the last general revision of taxes made?

II. Octroi - Chapter V - 90 - 158

(1) What are the several articles on which octroi is levied ?

(2) Is the recovery of duty invariably made in accordance with the sanctioned rates and as entered in the Administration report - Vide rule 92.

(3) Are any cookds established to watch the import of dutiable goods and are the mutsaddies in charge oftheir posts empowered to collect duty andissue receipt and if so has proper security been obtained from them ? Rules 96 -106.

(4) What isthe arrangement adopted for the collection and remittance of octroi duty and isit satisfactory ?

(5) Are the entries in the counterfoils of receipts issued by the octroi official invariably examined at the head or Municipal office at the time of each remittance ?

(5 a) Are all the counterfoils of receipts produced for audit and are they in chronological order ?

(6) From an examination of entries for a few days selected in the counterfoil receipts for check are the auditors satisfied that every item of money received has been duly brought to account ?

(7) Are there any erasures or alterations made in the counterfoils of receipts with a view to reduce the quantity of article imported or the rate ofduty leviable, and ifso are they satisfactorily explained ?

(8) Is a bonded warehouse established for the storage of articles pending recovery ofduty and are proper storage fees levied ?

24 0

(9) Are the importers allowed in any case to take goods into their shops before payment of duty ?

(10) What is the result ofthe scrutiny of refund claims ? Have proper precaution been taken against granting refunds in any case without tracing the credit and without note of the refund having been made against the credit entry ?

3. P o u n d s. - Rules 221 - 232.

(1) Is the pound register maintained in t the prescribed printed form and isit written up to date ?

(2) Are all the counterfoils of admission receipts and release passes produced for audit, and are they in chronological order ?

(3) Are the entries in the pound register invariably checked with the release passes in the Municipal office at the time of each remittance ? What is the percentage of entries examined by the auditors ?

(4) Is the entire amountofmoney recovered by the pound keeper whether as fine or feeding charges remitted by him without keeping any portion with him and are the remittances made by the pound-keeper at least once a week at District or Taluk headquarters and once a fortnight at other places ?

(5) Are any entries originally made in the counterfoils of admission receipts or release passes erased or otherwise tampered with ? Give a list of the suspicious entries and the amounts of fine involved ?

(6) Are the fines correctly levied in accordance with the cattle trespass regulation and the feeding charges at the rates sanctioned by the Municipal Council?

(7) Are all the records of sale of impounded cattle produced for examination, and are the sale proceeds duly remitted to Treasury through a remittance register ?

(9) When the pound-keeper is entertained on payment of commission on fines recovered, are the commission and feeding charges bills regularly prepared and paid and are the credits in the municipal office cash book invariably traced, and is the fact of the preferment of the claim noted against the entries to guard against a double claim ?

4. Tolls and other Miscellaneous items of revenue.

(1) What are the several items of miscellaneous revenue and how are they collected whether

whether by departmental management or by contract or as sale proceeds at auction sales ?

(2) Have the required demand and collection registers been maintained to ensure the prompt recovery of such receipts and their remittance ?

(3) When the collection oftolls, or market fees is made through paid staff what are the reasons for not farmingout the collection, and areproper steps taken to ensure that all amounts collected are duly remitted ?

(5) In the latter case are the khists regularly paid by the contractor, andifnot, is final interest invariably levied on belated payments ?

(6) What are the several classes of license fees levied ? Are printed forms of licenses used and are the fees recovered regularly brought to account ?

(7) Has a register ofall immoveable property belonging to the municipality been maintained in Form 59 ?

Site value accounts. (8) Have all the sites in the possession ofthe Municipality been included in it

(9) Isthe disposal of sites made during the period under audit under the orders of competent authority and is it duly noted in the register ?

(10)

37

(10) Is a regular demand of site value recoverable entered in a special register in form 48 and are the recoveries promptly made ?

(11) Have the sites sold to private persons during the period under audit been properly brought on the assessment list and regularly assessed to land tax ?

P a r t IV.

1. General examination of accounts and ledgers

1. Ledgers and Monthly accounts - Form 99 and101 - Rules 356 - 361

(1) Are the ledgers(classified abstracts) written up day by day in the prescribed printed form 99

(2) Are the adjustment entries also recorded in them ? the monthly totals made out and the opening and the closing balances entered and agreed with the corresponding entries in the cash book.

(3) Are the entries in the monthly accounts Form 101 copied out from the ledgers as laid down in rule 361 for submission to the Comptroller ?

(4) Are the corrections andalterations made in the monthly accounts and intimated by the Comptroller duly incorporated in the ledgers.

2 D e p o s i t r e g i s t e r

(1) Have deposit registers been maintained in Form 102 andentries of receipts and expenditure regularly posted in them ?

(2) Are totals made out monthly and the plus and minus memo as laid down in rule 367 prepared and agreed with the entries in the ledger and monthly accounts ?

(3) In all cases of redemption taken to verify the procedures with the original records (and, where necessary, with the original parties), and note the time elapsed since such action was taken with the original parties.

Are there any advances other than advances made from the funds of the Municipality and if so, give particulars of repayments?

Match cheques to receipts.

Are there any unpaid accounts?

3 copies

40

C O 17—Gl 17

Comptroller's New Secy

~~CONTROLLER'S OFFICE~~

~~CIVIL BRANCH~~

SECTION ( )

Sectional Diary No of letter replied to

General , ,, -

Whether a reminder is necessary on this letter, and if so, date on which it may issue or be repeated

(To be entered by the Superintendent of the drafting section under his initials)

-

No and date of reminders, if issued

1 ✓ Sent in reminder

2

3

File order no 126-15

~~Case No~~

Serial No 2 9/8/16

No 5-212-25 Enclosures

mlf 126-15—2

Proceedings of the Government of His Highness the Maharaja of Mysore

Date of issue.

Subject Letter No 2788/L A D.328 dated 4th October '15 from the Comptroller submitting as called for in G C No.9423-4 C/Ml.61-14-60 dated the 26th May '15, a memo of instructions for the guidance of the Municipal Auditors and a set of questions to be answered by them as embodying the result of their audit of the accounts (Print in Extenso) ✓ ✓ appendix

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Order thereon

Government have noticed that the standing orders regarding the audit of the accounts of Municipal Councils by honorary auditors appointed by them as contained in rule 362 M A.M are not being carefully attended to in all Municipalities, and it is understood that the failure to do so in some cases is due to the want of a simple and

easily comprehensible set of instructions for the guidance of the Municipal Councillors required to conduct the audit

2. With his letter printed and above the Comptroller has submitted to Government a memo of instructions for the auditors and a set of questions to be answered by them, and he has also offered certain suggestions for consideration with a view to ensure a satisfactory and prompt audit by the Municipal auditors.

3. The memo of instructions and the set of questions as approved by Government are appended to this order. These are commended for adoption by the Municipal Councils of all regulated Municipalities including the 2 City Municipalities of Bangalore and Mysore and The Deputy Commissioners of Districts will also take necessary action in the non-regulation Municipalities in their districts.

4. The Comptroller is requested to issue the necessary A & C to the Municipal account manual, and to arrange with the Superintendent Government Press to get a sufficient number of copies of the memo of suggestions and the list of questions printed both in English and Kanarese and supplied to the Presidents of Municipalities and Deputy Commissioners of Districts.

5. Government agree with the Comptroller that instead of appointing auditors once a quarter as at present the Municipal Councils may extend the term of appointment of the auditors to a term of 1 year, and they desire that the Municipal Councils in Regulation Municipalities may take action to appoint audit committees under rule 29 of the

Copied by

Examined by

GPB—16 CCO- 15-6-16

COMPTROLLER'S OFFICE

(CIVIL BRANCH)

(Continuation Sheet draft form)

Municipal Regulations and that the Deputy Commissioners do issue needful instructions to the non-regulation Municipalities in the Districts.

6. In regard to the suggestion made by the Comptroller that, with a view to secure a satisfactory and an effective audit, needful clerical help, when necessary, may be arranged to be given by the Municipal Councils to the audit Committees, Government are of opinion that it is a matter for the consideration of the Municipal Councils themselves

Government trust that in every Municipality the audit Committees do regularly and audit the accounts every month, and submit the printed list of question, with answers before a date to be fixed by the Council, and that the Municipal Council will see that needful action on the suggestions remarks made by the auditors is promptly taken

7. Copy of the audit reports of the auditors appointed by the Municipal Councils of the 2 City Municipalities and of the District Head quarter towns will as at present be submitted to Government for information and those of other Municipalities filed in the office of the Deputy Commissioners. To ensure that the audit by the members of the audit Committee is regularly conducted and that the monthly accounts are correctly prepared, Government also desire that the fair copy of monthly account to be sent to Comptroller every

as laid down in the first column in rule 362 of the

month may be required by the Chairman or members of the audit committee in token of their examination of the accounts.

3. The suggestion made by the Comptroller in tns last para of his letter regarding the printing of a local self Government gazette as a supplement to the daily town Gazette is reserved for separate consideration by Government.

8/1/16

Government of His Highness the Maharaja of Mysore.

GENERAL AND REVENUE DEPARTMENTS

G. O. No. 5212-25—Ml. 126-15-2, dated 18th Jan. 1916

Audit of Municipal Accounts

Passes orders on the memo of instructions regarding the —

W D 1774 GPB—7 2 16—150

No 5212-25—Ml 126 15-2, dated 18th January 1916

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

GENERAL AND REVENUE DEPARTMENTS

Read—

Letter No 2788—L A D 328, dated 4th October 1915, from the Comptroller, submitting, as called for in Government Order No 9423 40—Ml 61 14-60, dated the 26th May 1915, a *memo of instructions for the guidance of the Municipal Auditors and a set of questions to be answered by them as embodying the result of their audit of the accounts

*(Printed in extenso as Appendix)

Order No 5212 25—Ml 126-15-2, dated 18th January 1916

Government have noticed that the standing orders regarding the audit of the accounts of Municipal Councils by honorary auditors appointed by them as contained in Rule 362, Municipal Account Manual are not being carefully attended to in all Municipalities, and it is understood that the failure to do so in some cases is due to the want of a simple and easily comprehensible set of instructions for the guidance of the Municipal Councillors required to conduct the audit

2 With his letter read above, the Comptroller has submitted to Government a memo of instructions for the auditors and a set of questions to be answered by them, and he has also offered certain suggestions for consideration with a view to ensure a satisfactory and prompt audit by the Municipal Auditors

3 The memo of instructions and the set of questions as approved by Government are appended to this order These are commended for adoption by the Municipal Councils of all regulation Municipalities including the two City Municipalities of Bangalore and Mysore, and the Deputy Commissioners of Districts will also take similar action in the non-regulation Municipalities in their districts

4 The Comptroller is requested to issue the necessary Addendum and Corrigendum to the Municipal Account Manual, and to arrange with the Superintendent, Government Press, to get a sufficient number of copies of the memo of suggestions and the list of questions printed both in English and Kannada, and supplied to the Presidents of Municipalities and Deputy Commissioners of Districts

5 Government agree with the Comptroller that instead of appointing auditors once a quarter as at present the Municipal Councils may extend the term of appointment of the auditors to a term of one year, and they desire that the Municipal Councils in regulation Municipalities may take action to appoint Audit Committees under Rule 29 of the Municipal Regulation and that the Deputy Commissioners do issue needful instructions to the non-regulation Municipalities in their districts

6 In regard to the suggestion made by the Comptroller that, with a view to secure a satisfactory and an effective audit, needful clerical help, when necessary, may be arranged to be given by the Municipal Councils to the Audit Committees, Government are of opinion that it is a matter for the consideration of the Municipal Councils themselves Government trust that in every Municipality the Audit Committees do regularly meet and audit the accounts every month, and submit the printed list of questions with answers before a date to be fixed by the Council and that the Municipal Council will see that needful action on the suggestions and remarks made by the auditors is promptly taken

7 Copy of the audit reports of the auditors appointed by the Municipal Councils of the two City Municipalities and of the district headquarter towns will as at present be submitted to Government for information and those of other Municipalities filed in the office of the Deputy Commissioners as laid down in the Government Orders quoted in Rule 362, Municipal Account Manual To ensure that the audit by the members of the Audit Committees is regularly conducted and that the monthly accounts are correctly prepared, Government also desire that the faircopy of monthly account to be sent to Comptroller every month may be signed bythe Chairmen or members of the Audit Committee in token of the examination of the accounts

8 The suggestion made by the Comptroller in the last paragraph of his letter regarding the printing of a local self-Government Gazette as a supplement to the *Mysore Gazette*, is reserved for separate consideration by Government

V R THYAGARAJA IYER,
Secy to Govt , Rev Dept

To—The Comptroller, Mysore Government
The Deputy Commissioners of Districts
The Presidents of the Bangalore and Mysore City Municipal Councils
The President, Sringeri Municipal Board, through the Deputy Commissioner, Kadur District
The Superintendent, Government Press
The Superintendent, Government Stationery

Exd —C R

No 5212-25—ML 126-15-2, DATED 18TH JANUARY 1916

Appendix.

A SUGGESTIONS FOR AUDIT

Memo of instructions for the audit of Municipal Accounts every month by the Audit Committees

1 The general principles of audit as contained in Rule 362, Municipal Account Code, are —

1 that all sums due to, and received by, the Municipality have been brought to account,
2 that all expenditure is covered by provision in the annual budget of the Municipality,
3 that it has been incurred under sanction by competent authority,
4 that all payments made have been made to the proper persons and so recorded that a second claim against the Municipality cannot be preferred or passed

The above general instructions require to be materially amplified

2 Before taking up the audit of the accounts, the auditors should have the following books of reference —

1 Municipal Regulations of 1906 with amendments and bye-laws, rules passed by the Municipality thereunder
2 The Municipal Account Manual
3 Latest Administration Report (*Vide* Rule 363, Municipal Account Manual)
4 Sanctioned budget for the year current
5 Municipal Proceedings Book
6 Office Order Book, (Rule 378 Municipal Account Manual)
7 File of circulars issued by Comptroller and by Government

3 The auditors should first satisfy themselves whether the previous report of the honorary auditors was considered by the Municipal Council and necessary action taken in respect of it

4 The audit to be conducted by them may be divided into four parts, *viz*,

PART I —The checking of every entry in the few important registers—the General Cash Book, the Petty Cash Book, etc, with reference to the original chellans and vouchers and other records

PART II —The audit of expenditure—vouchers

PART III —The test examination of receipt items

PART IV —Lastly a general review and examination of the monthly accounts and other registers

5 Definite suggestions regarding the work to be done under each of the above heads are given below and the printed set of questions relating to each part should be taken up and answered in accordance with those instructions

PART I

6 The following books and records should be examined in detail for the month under audit in accordance with the instructions given below and the printed set of questions answered, simultaneously with such examination —

(1) The General Cash Book, Form No 98, M A Manual
(2) Petty Cash Book Form No 92, M A Manual
(3) Imprest Account or Contingent Register, Form No 88, M A Manual
(4) Acquittance Roll Form No 85, M A Manual
(5) Bill or voucher file (for expenditure incurred)

Note —In mofussal Municipal Office where the vouchers are submitted to the Office of the President whose headquarters are not within Municipal limits the counterfoils of the payees receipts or other vouchers may be examined

(6) Receipt books, remittance registers or other original records evidencing receipt of money

7 The cash balance on hand in the Municipal Office should first be examined, and verified with the cash book balance, worked up to date of audit in the petty cash book It should also be seen whether a petty cash book as distinguished from the general cash book (*Vide* Rule 337, Municipal Account Manual) is maintained and whether the distinction between the two books is correctly understood

The general cash book is intended to show all receipts and payments pertaining to the Municipal Fund and is the principal account with reference to which the ledgers, the monthly account, the deposit and other subsidiary registers are either prepared or verified

The petty cash book on the other hand will if properly maintained ensure the proper utilisation of all money received in the Municipal Office (either in cash or by cheque),

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whether as creditable to the Municipal Fund, or on account of payments to be made from the Municipal Fund to the establishment as pay or to contractors, etc , for work done

8 The entries in the general cash book should be examined in detail, item by item, the receipt entries with the original chellans, remittance memos, receipt books or other original records produced in support of them, and the debit entries with the vouchers serially numbered for each month and filed

In the petty cash book the receipt entries relating to revenue received in the Municipal Office will be checked with the credits in the general cash book, while those regarding money and cheques received for disbursement will be checked with reference to the expenditure entries in the general cash book The debits in the petty cash are to be examined with reference to payees receipt or other legal acquittances obtained

9 In the two City Municipalities of Bangalore and Mysore and in other big Municipalities having heavy transactions, where the detailed checking of the entries in the general and petty cash books is arranged to be performed by an audit clerk the auditors should satisfy themselves about the correctness of the entry in these books by checking a percentage of them

10 The further examination of the several books, etc , mentioned in para 6 is clearly indicated in the printed set of questions

Part II —(*Expenditure Audit*)

11 As under existing orders the pay of establishment in all Municipalities other than the two cities, *vide* exception to Rule 6, Municipal Account Manual is drawn on bills and in many Municipalities the Presidents have not their headquarters within Municipal limits, the system of examination of expenditure vouchers will not be the same in all Municipalities

In the two City Municipalities of Mysore and Bangalore, where all Municipal claims including establishment pay, etc , are paid by the President by means of cheques, and all the paid bills are filed in his office, the auditors will have full materials for a thorough and complete audit of expenditure, and for satisfying themselves by such examination that all expenditure is covered by provision in the budget, that it is incurred under proper sanction, and that payments made have been so recorded as to guard a second claim being preferred and paid

The printed set of questions 1-24 to be answered sufficiently indicate the procedure to be adopted by the auditors The arithmetical checking of the entries in the Public Works bills and the measurements may be done by the audit clerk

12 In respect of the second class of Municipalities, *viz* , district headquarter Municipalities and others, where the Presidents have their offices in the Municipal limits, the audit will cover all expenditure paid on cheques, *e g* , Public Works contingencies, etc , other than those relating to establishment claims, which are drawn directly from the Treasuries on bills, and the procedure indicated above will *mutatis mutandis* be followed All the questions except 4 9 are applicable and should be answered

13 In the remaining Municipalities having absentee Presidents however, the auditors will not have full materials for a thorough examination of expenditure as the original bills and vouchers are filed in the offices of the Presidents The audit in such cases will be conducted only generally in accordance with the instructions given in para 1 and with reference to the debit entries in the general cash book, counterfoils of payees receipts, and other records maintained in the office of the Vice President The questions 1 24 of this part need not be answered by them

Part III —(*Audit of Receipts*)

14 This is an important item of work and the auditors should pay their special attention to it Not much of technical knowledge is here required and the Municipal Councillors have a distinct advantage in this respect over the Government auditors in that they can bring to bear their local knowledge, detect cases of malpractices of keeping back money collected of making alterations in receipts of peculation by subordinate employees, omissions of demand, etc

15 The auditors should see generally that—

1 a regular record of all sums due to the Municipality is maintained,
2 that [illegible] steps are taken for their regular and prompt collection and
3 that all sums of money received by Municipal employees have been duly brought to account in the Municipal Office and remitted to Treasury without undue delay

16 The auditors should first ascertain and note the various items of revenue and receipts in the Municipality as entered in the budget and see whether proper demand and collection registers have been maintained in respect of all of them and in the prescribed form

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17 The entries in the several demand and collection registers should then be examined, with reference to the counterfoils of receipts, remittance registers or other records in detail for the whole month or for a few days in the month selected at random as may be desired by the Municipal Council, and the printed set of questions answered

Part IV

18 No special instructions in addition to what have already been given seem necessary in respect of the work under this part, and the printed set of questions indicate fairly clearly, the line of procedure to be adopted

19 The auditors may of course examine any registers or other records, not specifically mentioned here, with a view to detect and put a stop to irregularities or malpractices that may be suspected to have been committed, and frame additional questions for being answered by them

20 After the completion of the audit above described the auditors should affix their signature in the general cash book in token of their examination, and prepare a complete set of answers to the printed questions, Parts I to IV, for submission to the Municipal Council and needful further action No separate audit report need be drawn up by them except when they consider it necessary to refer to irregularities noticed by them or to make suggestions for the consideration of the Municipal Council

B QUESTIONS TO BE ANSWERED BY THE HONORARY AUDIT COMMITTEES

Part I

1 *General Cash Book, Form No 98, Rules 352-355, M A M*

(1) Is it posted up to date?

(2) Has it been closed for the month under audit, signed by the President or Vice-President, and the closing balance agreed with the Treasury pass book as required in Rule 355 M A M?

(3) Has a chellan been obtained for every entry of receipt and have all such chellans been properly filed? Mention the omissions, if any

(4) Has any item of money which appears to have been collected by reference to the original receipts or other records been omitted to be brought on the cash book or remitted to treasury? If so, why?

(5) Is a bill (voucher) obtained in support of every debit entry and is it serially numbered?

(6) Are all the bills supported by proper payees receipts either separately taken or recorded on the bills themselves?

(7) Mention the instances where proper payee receipts have not been obtained and the reasons therefor as far as they can be ascertained

2 *Petty Cash Book, Form No 92, Rule 337, M A M*

(1) Is it written up to date and are the balances struck daily and verified?

(2) Has every entry in it been initialed by the Vice-President or Secretary or at least the Manager of the Municipal Office?

(3) What is the balance of cash, cheques, etc, on hand on the date of examination and does it agree with the balance as shown in the book?

(4) In whose custody is the money kept if the money is in the custody of any official subordinate to the Vice President has proper security been obtained from him?

(5) What are the details for the cash balance on hand? Mention the amounts under the several heads, revenue received but not remitted, undisbursed pay, etc, imprest and other items

(6) Has any amount of money received in cash or by cheque on account of pay or travelling allowance or as payable to contractors been kept on hand for over a month and if so, why?

(7) Mention the reasons for keeping on hand of any items of revenue or other receipts unremitted to treasury

(8) Mention the omissions, if any, noticed of instances of money or cheques received in the Municipal office but not recorded in the petty cash book

(9) Are the recoupments of imprest and the daily total of receipts and payments on account of pay and travelling allowance regularly incorporated in the petty cash book?

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3 *Imprest Account or Contingent Register, Form No 88, Rules 310 316*

(1) Is a regular imprest account or permanent advance or contingent register maintained and posted up to date?

(2) Does the imprest balance shown in this book agree with the details shown in reply to question 2 (5)?

(3) Is the imprest regularly recouped at least once a month?

(4) Are there any advances or irregular payments made out of it, and unadjusted?

4 *Acquittance Roll, Form No 85, Rules 299 303 and 379, M A M*

(1) Has an acquittance roll been maintained in Form No 85 for recording the disbursement of pay and travelling allowance to Municipal employees, and are regular acquittances taken in all cases (with receipt stamps also for payments exceeding Rs 20)?

(2) Does the total of undisbursed pay, etc, as per this book agree with the balance shown in reply to question 2 (5)?

(3) Is undisbursed pay outstanding at the end of each month invariably shortdrawn in the next month's bill

(4) Is the establishment pay drawn as per scale provided for in the budget, and shown in an establishment pay or check register? Form No 283, *vide* Rule 285, M A M

(5) Is insurance premium payable by the establishment regularly recovered and remitted to treasury? *Vide* Rule 300, M A M

5 *File of bills and vouchers*

(1) What are the records produced for examination?

(2) Are they in continuous series?

6 *Receipts books, etc*

(1) What are the several books produced for examination?

(2) Are they in continuous series?

(3) Are printed receipt books having counterfoils been invariably used in respect of all cases of receipts received from the public? *Vide* note to Rule 59, Form No 20

Part II

Expenditure Audit

(1) Are all the bills serially numbered for each month according to dates of payment, and are the references given in the general cash book? *Vide* Rule 339, M A M

(2) Do they bear the pay and paid stamps? *Vide* Rules 333 and 334, M A M

(3) Are all of them supported by proper payees receipts or other legal acquittances, either recorded on them or obtained separately? *Vide* Rule 338 If not, mention the omissions

(4) Are the establishment bills drawn according to the scale provided for in the sanctioned budget and entered in an establishment check or pay register? Form No 83, Rule 285, M A M and are they copied out exactly in the acquittance roll? *Vide* also question 4 (4), Part I

(4a) Are the pay and allowances drawn in accordance with rules? *Vide* Rules 27 and 286, M A M

(5) Is every establishment bill (original) accompanied by an absentee statement or contra certificate?

(6) Is an increment or conveyance certificate attached in all cases where the bill includes claims on account of periodical increments granted or conveyance allowance drawn?

(7) In the supplemental bills drawn for arrear claims are the references to the original bills in which the claims were held over for future payment or in which undisbursed pay was refunded, invariably given?

(8) Has note of the payment of such claims been made against the corresponding entry in the original bill to guard against second claims being prepared and passed?

(9) In cases of arrear claims exceeding two years has sanction of Government been obtained?

(10) Are any travelling allowance claims paid without Comptroller's authority? Travelling allowance Rules 301 303 M A M

(11) Are all travelling allowance bills prepared and paid copied out in the acquittance roll or in a separate register so as to guard against double claims being preferred?

(12) Are the amounts drawn on contingent bills Form No 8, Rule 316 provided for in the budget? Contingencies 310 311 321

(13) Has every contingent charge been duly sanctioned by competent authority, the President or other subordinate officer authorised by him, Municipal Council or Government as the case may be in accordance with Rules 21 and 390, M A M

(14) Have the purchases of articles of a non-perishable nature been duly entered in a stock account? Form No 78

Commission bills bill for refund of feeding charges refund of revenue repayment of deposits etc 89, 134 to 151 230, 322 to 366

(15) In respect of pound and other commission bills, bills for refund of feeding charges, refund of net sale proceeds of impounded cattle sold and credited to revenue as lapsed, refund of revenue received and refund of deposits, etc, have the bills been prepared in the prescribed form?

(16) Have references been invariably given in them to the original audit entry in the Municipal office general cash book or other subsidiary registers, and note of the claim having been preferred made in the latter to guard against double payment?

Public Works Rules 239-276

(17) Are the bills prepared in the prescribed printed Form No 75 and are they arithmetically correctly made out in accordance with the entry in the measurement books (*vide* Rule 264, M A M, Form No 74) and the register of Public Works Form No 73

(18) Is reference to the sanctioned estimate invariably quoted on every bill?

(19) Has any Public Works bill been paid in respect of any work without a duly sanctioned estimate, or in excess of such estimate or otherwise than in accordance with such estimate

(20) Do the rates passed in the bill exceed in any case those entered in the schedule of rates Form No 71, or the sanctioned estimates? If so details of such excesses should be given

(21) Has any Public Works payment been made without proper provision or in excess of the provision made in the budget?

(22) Is the calculation of the entries of total quantity in the measurement books correctly made out in the cases (a certain percentage) selected for examination?

(23) Are there any cases of advances paid to contractors or others on account of work not executed and if so, what is the authority therefor?

(24) Are purchases of Public Works tools duly entered in a stock account in Form No 78?

PART III

Audit of Receipts

I Assessed taxes, *i e*, house, land, water, lighting and conservancy taxes and mohatarfa —

Chapters III and IV—Rules 28 88

(1) Have the assessment list demand register or khate, collection and remittance register or khiradi, and the Kamni-Jasti or Mutation Register, been maintained in the prescribed forms, and have all of them been written up and authenticated for the year under audit? *Vide* Rules 28, 40 52 63, Forms Nos 3, 10, 13, 22 and 7 M A M

(2) Have the arrears outstanding at the end of the month of June preceding audit payable by each individual, or in respect of each individual property been completely made out and the totals verified with the entries made in the demand, cash and balance statement (Form No 24) for the succeeding month of July

(3) Have the postings of arrears and the items of current demand into the demand and collection registers been examined by anybody other than the writer?

(4) What is the system adopted for the collection of taxes? Are paid bill collectors appointed to work whole time or is the collection made through the hereditary agency of patel and shanbhog and in the former case has security been obtained from the collectors?

(4*a*) Is the system of issuing bills or receipts signed by the Vice President in respect of assessed taxes laid down in the manual adopted? *Vide* Rule 59 et seque, M A M

(5) Are receipts granted in printed forms having counterfoil for all collection of taxes, mention may be made of items of credit for which no receipts appear to have been granted?

(6) Has the posting of every item of receipt as per counterfoil receipt book or other document into shanbhog's Khiradi been satisfactorily examined and the totals in the latter verified at the Municipal office at the time of each remittance? *Vide* Rules 65 and 67, M A M

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(6) Are all the counterfoils of receipts issued produced for examination and are they in chronological order?

(7) What is the percentage of entries selected by the auditors for examination?

(8) Has any item of money purporting to have been received by collectors or other subordinates been kept out of account and unremitted to Treasury?

(9) Are the arrangements made for the collection of current and arrear taxes satisfactory?

(10) Is the supervision exercised over the work of out door subordinates effective?

(11) Are there any items of demand omitted to be brought on the assessment list or demand register or in respect of which the demand entered is unduly low or are there any cases of exemptions from taxation not authorised by the rules

(12) Has the demand, collection and balance for the month prior to the month of audit been prepared and placed before the Council as explained in Rule 80, M A M

(13) Are any items of demand brought on the remission list without proper scrutiny?

(14) Are the prescribed registers maintained for recording notices issued, warrants taken out and remissions granted? *Vide* Rules 70, 73, 83 & 86, M A M

(15) When was the last general revision of taxes made?

II Octroi—Chapter V—90-158

(1) What are the several articles on which octroi is levied?

(2) Is the recovery of duty invariably made in accordance with the sanctioned rates and as entered in the Administration Report? *Vide* Rule 92

(3) Are any ookads established to watch the import of dutiable goods and are the mutsaddis in charge of their posts empowered to collect duty and issue receipt, and if so, has proper security been obtained from them? Rules 96 106

(4) What is the arrangement adopted for the collection and remittance of octroi duty and is it satisfactory?

(5) Are the entries in the counterfoils of receipts issued by the octroi official invariably examined at the head or Municipal office at the time of each remittance?

(5 *a*) Are all the counterfoils of receipts produced for audit and are they in chronological order?

(6) From an examination of entries for a few days selected in the counterfoil receipts for check are the auditors satisfied that every item of money received has been duly brought to account?

(7) Are there any erasures or alterations made in the counterfoils of receipts with a view to reduce the quantity of article imported or the rate of duty leviable, and if so, are they satisfactorily explained?

(8) Is a bonded warehouse established for the storage of articles pending recovery of duty and are proper storage fees levied?

(9) Are the importers allowed in any case to take goods into their shops before payment of duty?

(10) What is the result of the scrutiny of refund claims? Have proper precautions been taken against granting refunds in any case without tracing the credit and without note of the refund having been made against the credit entry?

3 *Pounds—Rules 221 232*

(1) Is the pound register maintained in the prescribed printed form and is it written up to date?

(2) Are all the counterfoils of admission receipts and release passes produced for audit, and are they in chronological order?

(3) Are the entries in the pound register invariably checked with the release passes in the Municipal office at the time of each remittance? What is the percentage of entries examined by the auditors?

(4) Is the entire amount of money recovered by the pound keeper whether as fine or [illegible] remitted by him without keeping any portion with him and are the remittances made to the pound-keeper at least once a week at District or Taluk headquarters and [illegible] other places?

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(5) Are any entries originally made in the counterfoils of admission receipts or release passes erased or otherwise tampered with? Give a list of the suspicious entries and the amounts of fine involved?

(6) Are the fines correctly levied in accordance with the Cattle Trespass Regulation and the feeding charges at rates sanctioned by the Municipal Council?

(7) Are all the records of sale of impounded cattle produced for examination and are the sale proceeds duly remitted to Treasury through a remittance register?

(8) When the pound keeper is entertained on payment of commission on fines recovered, are the commission and feeding charges bills regularly prepared and paid and are the credits in the Municipal office cash book invariably traced and is the fact of prefering the claim noted against the entries to guard against a double claim?

4 *Tolls and other miscellaneous items of revenue*

(1) What are the several items of miscellaneous revenue and how are they collected whether by departmental management or by periodical payments as per contract or as sale proceeds at auction sales?

(2) Have the required demand and collection registers been maintained to ensure the prompt recovery of such receipts and their remittance?

(3) When the collection of tolls, or market fees is made through paid staff what are the reasons for not farming out the collection and are proper steps taken to ensure that all amounts collected are duly remitted?

(4) In the latter case are the khists regularly paid by the contractor and if not is penal interest invariably levied on belated payments?

(5) What are the several classes of license fees levied? Are printed forms of licenses used and are the fees recovered regularly brought to account?

(6) Has a register of all immovable property belonging to the Municipality been maintained in Form No 59?

(7) *Site Value Accounts*—Have all the sites in the possession of the Municipality been included in it

(8) Is the disposal of sites made during the period under audit under the orders of competent authority and is it duly noted in the register?

(9) Is a regular demand of site value recoverable entered in a special register in Form No 48 and are the recoveries promptly made?

(10) Have the sites sold to private persons during the period under audit been properly brought on the assessment list and regularly assessed to land tax?

PART IV

General Examination of Accounts and Ledgers

1 Ledgers and monthly accounts Forms Nos 99 and 101, Rules 356 361

(1) Are the ledgers (classified abstracts) written up day by day in the prescribed printed Form No 99?

(2) Are the adjustment entries also recorded in them? The monthly totals made out and the opening and the closing balances entered and agreed with the corresponding entries in the cash book

Are the entries in the monthly accounts Form No 101 copied out from the ledgers as laid down in Rule 361 for submission to the Comptroller?

(4) Are the corrections and alterations made in the monthly accounts and intimated by the Comptroller duly incorporated in the ledgers?

2 *Deposit register*

(1) Have deposit registers been maintained in Form No 102 and entries of receipts and expenditure regularly posted in them?

(2) Are totals made out monthly and the plus and minus memo as laid down in Rule 367 prepared and agreed with the entries in the ledger and monthly accounts?

(3) In all cases of refund of deposits (in cash) are precautions taken to verify the claim with the original credits, and to note the claim against such entries before making payments?

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3 *Advances, etc*

Are there any advances other than permanent advances made from the funds of the Municipality, and if so, has an account been maintained in Form No 81 to watch their prompt recovery?

Letter No 2788—L A D 328, from Diwan Bahadur J S Chakravarti, Esq, M A, F R A S, etc, Comptroller to the Government of His Highness the Maharaja of Mysore, to V R Thyagaraja Iyer, Esq, M A, Secretary to the Government of Mysore, Revenue Department

Adverting to Government Order No 9423-40—MI 61 14 60, dated 26th May 1915, passing orders on the Municipal Administration Report for 1913 14 and observing the want of adoption by Municipal Councils of adequate arrangements for having their accounts satisfactorily examined monthly by Municipal auditors, I have the honor to submit herewith a memo of instructions for the guidance of the members of the Audit Committee and a set of questions to be answered by them as embodying the result of their audit of the accounts

2 In introducing the scheme of the Local Audit of the Accounts of local bodies by peripatetic auditors of Government once a year as in British India in lieu of the centralised audit that was being conducted in this office and found defective for various reasons, it was presumed that in accordance with the standing orders of Government arrangements would be made by each local body for a preliminary continuous audit of its accounts almost concurrently with the transactions

3 But as Government are aware such a continuous audit is not in several Municipalities promptly conducted at all or, if conducted, the audit is not regulated on any definite lines

4 The local audit staff of my office has during its visits often noticed that the instructions of Government contained in the Government Order of 1908 and 1913, quoted in Rule 362, Municipal Account Manual, in the matter of having the accounts audited by Municipal Auditors have not been observed in many a Municipality and made mention of this fact in the audit notes It has also been the constant endeavour of the Officer in charge of the Local Audit Department to bring home to the members of the Municipal Councils the desirability and the importance of securing a monthly examination of their accounts by their own agency and of taking needful early action for the rectification or non recurrence of the irregularities pointed out in such examination without awaiting the annual technical audit by Government auditors

5 With this end in view Mr B Srinivasa Iyengar also read a paper in the recent Local Self Government Conference at Mysore, the suggestions made in which were commended by the President of the Conference for the consideration of the members some of whom (notably Rao Bahadur M C Rangaswami Iyengar), expressed their desire of taking early steps in securing an effective and prompt audit of the accounts of the Municipalities by their own Audit Committee if some clear suggestions and hints are framed for the guidance of the auditors and a set of questions to be answered by them be formulated

6 The memo of instructions and the set of questions herewith forwarded are prepared by Mr Srinivasa Iyengar Officer in charge of the Local Audit Department, so as to be of use in all the Municipal Councils of the Province, whether of large or small incomes, and are hardly comprehensive and they may, if approved, be printed both in English and Kanarese and circulated to all the Municipal Councils for adoption The questions have been so framed as to invite the attention of the auditors to important points and as not to occupy ordinarily longer time than six hours in Minor Municipalities, 12 hours in District Headquarters or Town Municipalities and 24 hours in the City Municipalities to answer them on the understanding that the records and registers required for audit will be properly arranged in the Municipal Office and readily produced for examination and that help will be given, whenever necessary, to the Auditors for detailed arithmetical checking or for examining the posting of entries from one register to another Necessary additions and alterations may of course be made by each Municipality, as experience suggests

7 It may also be ruled that with a view of ensuring monthly audits and speedy disposal of the questions raised by the Honorary Auditors a copy of the Audit Report including the answers to the questions with the remarks should be sent to my office along with the monthly

The two City Municipalities of Bangalore and Mysore and others which have [illegible] of any magnitude and where the honorary auditors or the Chairmen of the

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Audit Committee in matters of detailed check The system should not however degenerate into the clerk s audit The members of the Committee will be responsible for all the essential points of audit, the clerk working at details under the committee s orders In appointing these audit clerks for the first time it would, in my opinion, be desirable to have an official not borne on the Municipal Establishment sent to the Municipality for a period of say three years and to make periodical changes in the personnel

9 I may also point out that the existing orders require that the honorary auditors should be appointed by each Municipal Council once a quarter, but the members so appointed do not appear to hold any status as members of any statutory committee under the Municipal Regulations nor are their duties defined by any bye-laws or rules framed by the Municipal Council under the Municipal Regulations It is a point for the consideration of Government whether with a view of enhancing its status and prestige the audit committee may not be appointed under Section 29 of the Municipal Regulations and to hold office for a period of one year In the Bangalore and Mysore City Municipalities where Finance Committees have recently been constituted the work of audit may be entrusted to that Committee and the audit clerk appointed to work under them

10 For the better enlightenment of members of local bodies generally and specially of those who may be required to undertake the examination of their accounts I would also suggest that as in some Provinces in British India all Notifications rulings, etc , relating to local bodies may be printed in a supplement to the *Mysore Gazette* entitled the Local Self-Government Gazette in which all matter now printed in Part II of the Gazette, such as proceedings of meetings, etc , bye-laws and rules sanctioned by Government may be published and that this part may be separately sold to members of local bodies at half cost

11 Draft of a memo of suggestions for audit and of a set of questions applicable to the accounts of District Boards is being separately prepared, and will be submitted to Government in due course